

**Faulkner County  
American Rescue Plan Application**

**Organizational information:**

Name or organization: Faulkner County Council on Aging, Inc.  
Physical address: 705 E. Siebenmorgen, Conway, AR 72032  
Mailing address: P.O. Box 1429, Conway, AR 72033  
Email: fcseniorsar@gmail.com  
Phone: (501) 327-1122

**CEO or Executive Director information:**

Name: Kathy Wyrick  
Email: fcseniorsar@gmail.com  
Phone: (501) 697-7577  
Brief qualifications statement: Served since 5/2021, certified in Non-profit Management

**Financial Officer or Director information:**

Name: Financial oversight by Board's Finance Committee headed by Gary Cox, CPA  
Email: fcseniorsar@gmail.com  
Phone: (501) 329-2503  
Brief qualifications statement: Gary Cox, CPA is our current Board President

**Who is the contact person for this application:**

Name: Kathy Wyrick  
Email: fcseniorsar@gmail.com  
Phone: (501) 697-7577

Entity type or IRS registration: (501(c)3, LLC, sole proprietorship, etc)

501 (c) 3

**Brief history of the organization:**

Our organization was formed in 1974 at the urging of Faulkner County Judge Jesse Carter for the purpose of providing home delivered meals. Our name was chosen because although we are a private 501 (c) 3 organization, we were formed as a service organization to work in collaboration with the county to meet the needs of Faulkner County's senior adults age 60 and older. By contracting with the Central Arkansas Area Agency on Aging, Inc. (CareLink) we were able to add congregate meals, socialization, and transportation. Through our senior centers in Conway, Greenbrier, Vilonia, Mayflower, Twin Groves and Mt. Vernon we serve over 2,000 senior adults annually and our services include providing approximately 140,000 meals.

**Authorized Representative:** The signature indicates that I have been authorized to submit an application requesting funding for the proposed project and to the best of my knowledge and belief, all data contained in this application is true and correct. If the application is approved for funding, I am authorized to sign any applicable documents on behalf of the applicant.

Kathy Wyrick

Executive Director

\_\_\_\_\_  
Type Name

\_\_\_\_\_  
Title

*Kathy Wyrick*  
\_\_\_\_\_  
Signature

\_\_\_\_\_  
September 10, 2022

\_\_\_\_\_  
Date

When completed return by mail or drop-off  
to: Faulkner County Judge's Office  
801 Locust Street  
Conway, AR 72034

## Financial information:

Have you received other state or federal grant funds in the past three years? If so, list the grant name, the organization from whom it was received, the amount of funds received, and the status of the grant expenditure.

As part of our standard service funding we receive federal and state grant funds in accordance with our annual CareLink contract (Central Arkansas Area Agency on Aging) to provide senior services (Congregate Meals, Home Delivered Meals, Socialization, and Transportation) in Faulkner County. **These funds are all itemized on page 13 of our Audited Financial Reports by grant name, source from which it was received, amount received, and confirmation of total expenditure.**

The exception to this is for our year having just ended June 30, 2022 for which our audit is currently in progress. For fiscal year ending June 30, 2022 this information is as follows:

From the AR Department of Human Services, Division of Aging & Adult Services as administered through CareLink:

Federal Title III funds - \$385,265.16 (this includes \$63,658.00 in ARPA Title III funds)

Federal NSIP (Nutrition Services Incentive Program) funds - \$92,889.00

Federal Social Services Block Grant funds - \$61,758.30

State Senior Citizen Center funds - \$196,090.07

State Cigarette Tax funds - \$74,803.45

From AR Medicaid, through the AR Department of Human Services, Division of Aging & Adult Services:

ARChoice funds - \$35,401.62

From HUD through the City of Conway:

Federal (city directed) Community Development Block Grant funds - \$7,000.00

From the US Department of Homeland Security:

Federal Emergency Food and Shelter Program funds - \$20,564.72

Attach your organization's audits from 2019 and 2020 if available.

Audited Financial Reports are attached for fiscal years ending June 30, 2019 and June 30, 2020.

We have also attached our Audited Financial Report for year ending June 30, 2021.

What is your organization's annual budget? Please attach a copy of your 2020 and 2021 budgets.

For budget totals by service, in relation to actual income and expense, you can refer to page 14 of any of our Audited Financial Reports submitted with this application for fiscal years ending June 30<sup>th</sup> 2019, June 30<sup>th</sup> 2020, and June 30<sup>th</sup> 2021.

Similarly, you may review our actual income by line item on page 4, and our actual expenses by line item on pages 5 and 6 on our Audited Financial Reports.

The applicant certifies that any funds received through this Faulkner County granting program are fully subject to federal regulations and affirms that the funds will be properly spent in compliance with the American Rescue Plan Act of 2021. The applicant further affirms that financial controls are in place such that each expenditure under the grant will be fully documented and that such documentation will be open to the public and submitted to the County for audit. The applicant understands that all aspects of their use of the grant are open to the public and subject to the Freedom of Information Act.

As Executive Director of the Faulkner County Council on Aging, Inc., I certify all of the above as evidenced by my signature at the bottom of this application.

### **About your request:**

Please indicate under which category of eligibility under ARPA your organization is applying:

- Public Health and Economic Impacts – Responding to COVID-19
- Public Health and Economic Impacts – Responding to Negative Economy
- Impacts
- Premium Pay
- Revenue Loss
- Investments in Infrastructure – Water and Sewer
- Investments in Infrastructure – Broadband

The use of these funds will have public health impact, economic impact, and eventually even infrastructure impact (though not in the areas of water, sewer, or broadband) so we have chosen the general category of “Impacts” so that we can blend all of these into the purpose of our request. For the past 48 years we have, on a growing basis, continued to provide nutritious hot meals, health enhancing activities/socialization, and transportation (therefore access) to senior adults throughout Faulkner County. The months since the onset of COVID-19 have been the most challenging in our organization’s history, and the most critical with regard to all the senior adults we serve. Our project would be to purchase land that is available adjacent to our primary senior center located in Conway, Arkansas but from which all services throughout Faulkner County are dependent.

Briefly and clearly state how your project responds to the COVID-19 crisis:

Our “Project” being the lot we seek to purchase, is for the purpose of ensuring our organization’s future and flexibility especially during challenging times. Since the onset of COVID-19 we have continued to provide hot nutritious meals, healthy activities & social interaction, and transportation on a continually pivoting basis so as to provide these services to senior adults while constantly balancing their needs versus their exposure to a potentially life-threatening pandemic. We have successfully navigated these difficult times by shifting to exclusively home delivered meals and drive-thru carryout meals during peak periods of COVID. We have continued to transport seniors to “life necessary” appointments, and to encourage activity and interaction by providing Silver Sneakers classes, etc. on-line. Once vaccines became available we allowed seniors the option of returning to our centers with many precautions in place. Getting meals to people was never a problem, but trying to combat social isolation while insuring their safety was a difficult balance to achieve. We continue to adjust as circumstances necessitate, always adhering to CDC guidelines but adding our own levels of precaution and always erring on the side of caution. We are pleased that we have been able to continue meeting the demand for our services with little controversy and no life-threatening consequences.



Does your project have a county-wide impact? If so, describe:

In addition to Conway, our organization provides services throughout Faulkner County facilitated by satellite centers that we have in Greenbrier, Vilonia, Mayflower, Twin Groves, and Mt. Vernon. All services are approved and overseen through the Conway headquarters which includes monitoring senior recipients of our services, providing all equipment and vehicles needed to facilitate services, providing RDA approved menus, food, utilities, personnel, gasoline, vehicle repairs, etc. Through the organization's Conway headquarters we are able to provide congregate meals, home delivered meals, health enhancing activities/socialization, and transportation throughout Faulkner County. Not only does the Conway center facilitate all services countywide, but frequently provides many of these services directly.

Please describe your project including the following information (in any order): What will this project accomplish? How will those goals be measured? How do these goals relate to the goals of the American Rescue Plan Act (ARPA)?

We seek to purchase an adjacent lot to our Siebenmorgen location. We cannot use service funding for this project so need to obtain special grant funding. We do have \$136,820 in reserve funds we have restricted for this purchase. The last quote we had on the price was \$550,000. Real estate markets have changed since then and we do not know if it would still be available at that price but that has remained our target until we have funding that would put us in a position to make an offer and negotiate. This lot would ensure the future of our services on numerous levels, described as follows.

Acquiring the adjacent lot would give us an asset we could leverage into funding during economically difficult times. For instance, during this challenging economy we have seen our United Way funding decline because donor giving has declined. Just a few years ago we were sustaining an award amount of \$99,000 annually. This year it has now declined to \$41,250. If not for COVID relief funding at the government level, our services to seniors would have been devastated. Senior adults, due to their greater isolation and weaker immune systems have been more adversely affected by COVID. They will be more susceptible to the lingering effects of COVID in our society as well as other potential pandemics. Having an asset we can leverage into money gives us time to figure out how to handle such circumstances and continue providing services seamlessly.

Acquiring the adjacent lot would allow us to increase services as the population grows. It would allow us to add on to our existing facility in which we are already feeling constrained. It would also allow us flexibility with regard to continuing growth. With the addition of this lot we would have the ability to move parking, and our buses, to the area of the lot enabling us to build on to our existing facility.

There is no doubt that the senior population will continue to grow as the overall Faulkner County population grows. There are many uncertainties, but one certainty is that senior adults will always need some assistance as they age in order to maintain relative independence and to remain their healthiest, best selves. With nearly a half century of experience (since 1974) we are in the best position to continue providing that assistance. Planning one step in advance is how we have managed to provide uninterrupted services during good times and bad, especially in light of the challenges COVID-19 has introduced. That is what we are attempting to do now.

Please attach a project budget. If the project includes construction or third-party services, please provide their estimates.

We are basing our project budget on an estimated lot price of: \$550,000.00  
Less our organization's restricted reserves: -136,820.00  
Proposed funding from Faulkner County ARPA: \$413,180.00

Are other funds part of the budget besides ARPA funds? If so, please list other sources of funding and a copy of their funding commitment, if available.

We have been working toward the goal of purchasing this lot since 2015 and have restricted \$136,820.00 of our existing funds for this purchase. These funds are the result of seven years accumulation of donations and fundraising.

Please describe the organization's financial management practices that will ensure audit compliance.

We account for all funding sources by separate line item, and spend funds specifically in compliance with their intended use. Documentation is maintained, compiled into quarterly financial reports, approved by our Board of Directors, and becomes subject to our annual audit as required by all of our various funding sources. Additionally we comply specifically with any requirements imposed by individual funding sources, such as this, meeting all reporting requirements by mandated deadlines. At all times we comply with generally accepted accounting principles.

What is the total dollar amount that is being requested from Faulkner County?

\$413,180.00

Have you received other ARPA funds? If so, how much have you received?

We have received ARPA funds as a portion of our Federal Title III funding designated specifically for services and which have been spent accordingly. We received \$43,849 for providing Home Delivered Meals and \$19,809 for providing Socialization/Activities.

**Yoakum, Lovell & Co., PLC**  
CERTIFIED PUBLIC ACCOUNTANTS

Faulkner County Council on Aging, Inc.

Annual Financial Report

June 30, 2019 and 2018

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**Yoakum, Lovell & Co., PLC**  
CERTIFIED PUBLIC ACCOUNTANTS

Independent Auditors' Report

Board of Directors  
Faulkner County Council on Aging, Inc.  
Conway, Arkansas

We have audited the accompanying statements of financial position of Faulkner County Council on Aging, Inc., as of June 30, 2019 and 2018, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the comptroller general of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial misstatements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also involves evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Faulkner County Council on Aging, Inc. as of June 30, 2019 and 2018, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedules on pages 13 through 14 are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of



management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued a report dated August 21, 2019, on our consideration of Faulkner County Council on Aging, Inc.'s internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Faulkner County Council on Aging, Inc.'s internal control over financial reporting and compliance.

  
Certified Public Accountants

Benton, Arkansas  
August 21, 2019



Faulkner County Council on Aging, Inc.  
 Statements of Financial Position  
 June 30, 2019 and 2018

	<u>Assets</u>	
	2019	2018
Current Assets		
Cash and Cash Equivalents	\$ 209,894	\$ 227,638
Accounts Receivable - Grants/Contracts	52,350	45,801
Prepaid Expenses	22,394	
Total Current Assets	284,638	273,439
Property and Equipment		
Land and Building	2,478,032	2,375,037
Equipment	564,647	600,503
	3,042,679	2,975,540
Less: Accumulated Depreciation	754,468	698,735
Property and Equipment, Net	2,288,211	2,276,805
Other Assets		
Endowment Fund	14,383	14,512
Total Other Assets	14,383	14,512
Total Assets	\$ 2,587,232	\$ 2,564,756
<u>Liabilities and Net Assets</u>		
Current Liabilities		
Accounts Payable	\$ 6,105	\$ 6,000
Accrued Expenses	22,874	21,773
Current Portion of Long-Term Debt	35,393	
Total Current Liabilities	64,372	27,773
Net Assets		
Without Donor Restrictions	2,444,725	2,451,297
With Donor Restrictions	63,751	71,174
With Donor Restrictions - Endowment	14,384	14,512
Total Net Assets	2,522,860	2,536,983
Total Liabilities and Net Assets	\$ 2,587,232	\$ 2,564,756

The accompanying notes are an integral part of these financial statements.

Faulkner County Council on Aging, Inc.  
Statement of Activities  
For the Years Ended June 30, 2019 and 2018

	2019			2018		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Revenues and Support						
Fee for Service Contracts	\$ 535,860		\$ 535,860	\$ 509,500	\$	\$ 509,500
State Grant				13,900		13,900
Local Government Grants	70,615	38,385	109,000	65,750	43,250	109,000
Charitable Agency Grants	74,374		74,374	74,850		74,850
Capital Grants					2,500	2,500
Client Contributions for Services	130,915		130,915	109,231		109,231
Private Pay/Third Party	2,100		2,100	2,975		2,975
Donations and Memorials	80,751	13,882	94,633	9,667	75,585	85,252
Interest and Investment Income	114	(128)	(14)	114	465	579
Fundraising	32,805		32,805	32,878	3,924	36,802
Fitness Funding	15,151		15,151	13,583		13,583
Rent Income				3,250		3,250
In-Kind	40,800		40,800	51,600		51,600
Total Revenues and Support	983,485	52,267	1,035,624	887,298	125,259	1,013,022
Satisfaction of Temporarily Restricted Revenue	59,690	(59,690)		115,553	(115,553)	
Expenses						
Program Services	991,914		991,914	964,125		964,125
Supporting Services						
Management & General	57,304		57,304	57,304		57,304
Fundraising	529		529	460		460
Total Expenses	1,049,747		1,049,747	1,021,889		1,021,889
Change in Net Assets	(6,572)	(7,423)	(14,123)	(19,038)	9,706	(8,867)
Net Assets - Beginning of Year	2,451,297	71,174	2,536,983	2,470,335	61,468	2,545,850
Net Assets - End of Year	\$ 2,444,725	\$ 63,751	\$ 2,522,860	\$ 2,451,297	\$ 71,174	\$ 2,536,983

The accompanying notes are an integral part of these financial statements.

Faulkner County Council on Aging, Inc.  
Statement of Functional Expenses  
For the Year Ended June 30, 2019

	Program Services			
	Congregate Meals	Home Delivered Meals	Transportation	Socialization
Salaries and Fringe Benefits	\$ 94,066	\$ 151,103	\$ 69,574	\$ 64,191
Food Service Supplies	3,636	37,406		
Office Supplies	2,195	2,939	1,372	1,332
Janitorial Supplies	2,533	5,489	1,908	2,533
Gas	1,123	7,639	12,132	1,348
Depreciation				
Rent and Utilities	11,528	12,212	976	6,156
Communications	1,449	4,018	3,833	1,131
Raw Food	86,646	157,599		
Janitorial Service	2,713	3,625	328	1,051
Audit	1,720	2,940	790	650
Vehicle Insurance	489	3,313	6,187	490
Vehicle Maintenance and Repair	912	10,376	10,832	912
Building Maintenance	7,296	3,200	2,161	7,608
Other Insurance	5,193	9,097	6,023	5,193
Miscellaneous	496	1,487	992	826
Fundraising				
Program Costs				7,602
In-Kind:				
Rent and Utilities	15,096	25,704		
Total Expenses	<u>\$ 237,091</u>	<u>\$ 438,147</u>	<u>\$ 117,108</u>	<u>\$ 101,023</u>

The accompanying notes are an integral part of these financial statements.

Faulkner County Council on Aging, Inc.  
Statement of Functional Expenses (Continued)  
For the Year Ended June 30, 2019

	Program Services		Supporting Services		Total
	Other	Property Fund	Management and General	Fundraising	
Salaries and Fringe Benefits	\$	\$	\$ 57,304	\$	\$ 436,238
Food Service Supplies					41,042
Office Supplies					7,838
Janitorial Supplies					12,463
Gas					22,242
Depreciation		94,847			94,847
Rent and Utilities					30,872
Communications					10,431
Raw Food					244,245
Janitorial Service					7,717
Audit					6,100
Vehicle Insurance					10,479
Vehicle Maintenance and Repair					23,032
Building Maintenance					20,265
Other Insurance					25,506
Miscellaneous	3,698				7,499
Fundraising				529	529
Program Costs					7,602
In-Kind:					
Rent and Utilities					40,800
<b>Total Expenses</b>	<b>\$ 3,698</b>	<b>\$ 94,847</b>	<b>\$ 57,304</b>	<b>\$ 529</b>	<b>\$ 1,049,747</b>

The accompanying notes are an integral part of these financial statements.

Faulkner County Council on Aging, Inc.  
Statement of Functional Expenses  
For the Year Ended June 30, 2018

	Program Services			
	Congregate Meals	Home Delivered Meals	Transportation	Socialization
Salaries and Fringe Benefits	\$ 90,279	\$ 150,087	\$ 54,427	\$ 58,468
Food Service Supplies	3,037	33,110		
Office Supplies	2,145	4,307	1,377	2,145
Janitorial Supplies	2,186	4,692	1,697	2,186
Gas and Oil	318	6,987	11,009	1,270
Depreciation				
Rent and Utilities	11,477	12,157	972	5,544
Communications	985	4,780	3,229	1,153
Raw Food	88,431	151,299		
Janitorial Service	3,066	3,621	370	1,189
Audit	1,687	2,892	779	642
Vehicle Insurance	520	3,624	6,972	520
Vehicle Maintenance and Repair	892	8,031	10,374	892
Building Maintenance	6,650	11,695	2,465	3,264
Other Insurance	5,713	6,844	6,126	5,713
Miscellaneous	516	1,721	1,032	1,291
Fundraising				
Interest				
Program Costs				
Fitness Expense				4,927
In-Kind:				
Rent and Utilities	15,096	25,704		
Food Supplies	10,800			
<b>Total Expenses</b>	<b>\$ 243,798</b>	<b>\$ 431,551</b>	<b>\$ 100,829</b>	<b>\$ 89,204</b>

The accompanying notes are an integral part of these financial statements.

Faulkner County Council on Aging, Inc.  
Statement of Functional Expenses (Continued)  
For the Year Ended June 30, 2018

	Program Services		Supporting Services		Total
	Other	Property Fund	Management and General	Fundraising	
Salaries and Fringe Benefits	\$	\$	\$ 57,304	\$	\$ 410,565
Food Service Supplies					36,147
Office Supplies					9,974
Janitorial Supplies					10,761
Gas and Oil					19,584
Depreciation		94,219			94,219
Rent and Utilities					30,150
Communications					10,147
Raw Food					239,730
Janitorial Service					8,246
Audit					6,000
Vehicle Insurance					11,636
Vehicle Maintenance and Repair					20,189
Building Maintenance					24,074
Other Insurance					24,396
Miscellaneous					4,560
Fundraising				460	460
Interest	3,384				3,384
Program Costs					4,927
Fitness Expense	1,140				1,140
In-Kind:					
Rent and Utilities					40,800
Food Supplies					10,800
<b>Total Expenses</b>	<b>\$ 4,524</b>	<b>\$ 94,219</b>	<b>\$ 57,304</b>	<b>\$ 460</b>	<b>\$ 1,021,889</b>

The accompanying notes are an integral part of these financial statements.



Faulkner County Council on Aging, Inc.  
 Statements of Cash Flows  
 For the Years Ended June 30, 2019 and 2018

	<u>2019</u>	<u>2018</u>
Cash Flows from Operating Activities		
Change in Net Assets	\$ (14,123)	\$ (8,867)
Add: Items not Affecting Cash		
Depreciation	94,847	94,219
(Increase) Decrease in:		
Accounts Receivable	(6,549)	29,505
Prepaid Expenses	(22,394)	
Pledges Receivable		77,000
Increase (Decrease) in:		
Accounts Payable	105	100
Accrued Expenses	1,101	379
Net Cash Provided by Operating Activities	<u>52,987</u>	<u>192,336</u>
Cash Flows from Investing Activities		
Purchases of Equipment/Building	(106,253)	
Change in Restricted Funds	129	(465)
Net Cash Used by Investing Activities	<u>(106,124)</u>	<u>(465)</u>
Cash Flows from Financing Activities		
Proceeds from Long-Term Debt	60,393	
Principal Payments on Long-Term Debt	(25,000)	(143,769)
Net Cash Provided (Used) by Financing Activities	<u>35,393</u>	<u>(143,769)</u>
Net Increase (Decrease) in Cash	(17,744)	48,102
Cash Balance - Beginning of Year	<u>227,638</u>	<u>179,536</u>
Cash Balance - End of Year	<u>\$ 209,894</u>	<u>\$ 227,638</u>

The accompanying notes are an integral part of these financial statements.

Faulkner County Council on Aging, Inc.  
Notes to the Financial Statements

Note 1: **Summary of Significant Accounting Policies**

- A. **Organization** - The Faulkner County Council on Aging, Inc., is a nonprofit community action agency organized to provide and effectively administer programs for elderly individuals using local, state and federal resources. The primary sources of grants and contracts are from Title III, NSIP, SSBG, State Cigarette Tax, United Way, Faulkner County and the City of Conway. These grants and contracts provide funding for congregate meals, home delivered meals, transportation and socialization services.
- B. **Basis of Accounting** - These financial statements reflect the accrual basis of accounting.
- C. **Property and Equipment** - All property and equipment are stated at cost. Maintenance and repairs are charged directly to expenses as incurred. Additions, renewals and betterments, which extend the useful lives of the assets, with a cost of at least \$1,000, are capitalized. Depreciation is provided on the straight-line method. Estimated useful lives are as follows:

Building and Improvements	15-40 years
Furnishings and Equipment	10 years
Vehicles	5 years

Vehicles acquired with Arkansas Highway Department and State Cigarette Tax funds are considered to be owned by Faulkner County Council on Aging, Inc., while used in the program. However, the funding sources have a reversionary interest in the vehicles, as well as, the right to determine the use of any proceeds from their sale.

- D. **Basis of Presentation** - Faulkner County Council on Aging, Inc. is required to report information regarding its financial position and activities according to two classes of net assets: Without Donor Restrictions and With Donor Restrictions. Net Assets With Donor Restrictions consist of the book value of the vehicles mentioned above, donations that were restricted when received that have not been expended, and donations permanently restricted to an endowment fund.
- E. **In-Kind** - Represents donated property at no charge to Faulkner County Council on Aging, Inc. The value of the donated property is based upon the fair market value of the property.
- F. **Contributions and Pledges** - Contributions and pledges are recognized when the donor makes a written promise to give that is, in substance, unconditional. Donor-restricted contributions are reported as increases in temporarily restricted net assets. When the restrictions expire, temporarily restricted net assets are reclassified to unrestricted net assets and are reported in the statement of activities as a release from restrictions.
- G. **Estimates** - The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Faulkner County Council on Aging, Inc.  
Notes to the Financial Statements

**Note 2: Income Taxes**

Faulkner County Council on Aging, Inc., is exempt from federal and state income taxes under section 501(c)(3) of the Internal Revenue Code. Therefore, no income tax provisions have been made. The agency files a tax form 990. The tax years 2015, 2016, 2017, and 2018 are subject to examination by the IRS, generally for three years after they are filed.

**Note 3: Concentration of Credit Risk**

Financial instruments that potentially subject the Organization to concentration of credit risk consist principally of cash investments. The Organization places its cash investments with financial institutions and limits the amount of credit exposure to any one financial institution.

**Note 4: Cash and Cash Equivalents**

The Organization considers all highly liquid investments with original maturities of three months or less to be cash and cash equivalents. All cash is available for operating expenditures in the next year.

**Note 5: Related Party Transactions**

During the year ended June 30, 2018, the Organization paid \$762 for a piece of equipment to a company owned by a board member and \$500 for various services to a relative of the executive director.

**Note 6: Long-Term Debt**

During the year ended June 30, 2019, the Organization opened a line of credit with a local financial institution for \$100,000, \$60,393 was drawn on the line of credit in June 2019, and \$25,000 was paid on the line of credit in June 2019. The balance as of June 30, 2019 is \$35,393. This line of credit is secured by a lien on the building located in Conway, Arkansas. The interest rate on the line of credit is 5.5%. Interest is due monthly, the principal is due May 20, 2020. Interest paid for the year ended June 30, 2019 and 2018, was \$0 and \$3,384, respectively.

**Note 8: Endowment Fund**

The endowment fund is restricted in perpetuity, all or part of the income from which may be expended. During the year ended June 30, 2017, the Organization received contributions designated to start an endowment fund. The contributions of \$14,047 were received and transferred to an endowment fund towards the end of the year. During the year ended June 30, 2019 and 2018, \$580 and \$569, respectively, was paid out of the endowment fund to the Organization and is included as donations on the statement of activities. At June 30, 2019 and 2018, there were no earnings available for expenditure to the Organization. The endowment fund is held at Arkansas Community Foundation (ACF). ACF pools the money with other accounts it holds and invests the funds in various investments. ACF's investment objective is to create a financial return that will provide for the fund's annual grant spending rate, administrative costs and growth for inflation. The spending rate policy by ACF is reviewed periodically by its board of directors. The policy provides an annual distribution of 4% of the fund's average ending market value for the previous twenty trailing quarters.

Faulkner County Council on Aging, Inc.  
Notes to the Financial Statements

**Note 8: Endowment Funds (continued)**

Below is a summary of the endowment fund activity for the years ended June 30:

	<u>2019</u>	<u>2018</u>
Beginning Balance	\$ 14,512	\$ 14,047
Interest & Dividends	288	232
Net Appreciation	304	948
Administrative Fees	(141)	(146)
Distribution to the Organization	<u>(580)</u>	<u>(569)</u>
Ending Balance	<u>\$ 14,383</u>	<u>\$ 14,512</u>

**Note 9: Subsequent Events**

Subsequent events were reviewed through August 21, 2019, the date which the financial statements were available to be issued.

Faulkner County Council on Aging, Inc.  
Schedule of Governmental Assistance  
For the Year Ended June 30, 2019

Department/Division Program	Federal CFDA Number	Revenues	Expenses
<u>FEDERAL ASSISTANCE</u>			
U.S. Department of Housing and Urban Development: Pass-Through Program from the City of Conway, Arkansas:			
Community Development Block Grant	14.218	\$ 17,500	\$ 17,500
U.S. Department of Health and Human Services: Pass-Through Program from Arkansas Department of Human Services, Division of Aging and Adult Services and Carelink:			
Grants for Supportive Services and Senior Centers (Title III-B)	93.044	41,289	41,289
Nutrition Services (Title III-C)	93.045	53,934	53,934
Nutrition Services - Home Delivered Meals (Title III-C2)	93.045	69,956	69,956
Social Services Block Grant (SSBG)	93.667	39,384	39,384
U.S. Department of Agriculture: Pass-Through Program from Arkansas Department of Human Services, Division of Aging and Adult Services and Carelink:			
Nutrition Program for the Elderly (NSIP)	10.570	<u>84,686</u>	<u>84,686</u>
Total Federal Assistance		<u>306,749</u>	<u>306,749</u>
<u>State Assistance</u>			
Arkansas Department of Human Services, Division of Aging and Adult Services: Pass-Through Program from Carelink:			
State Cigarette Tax	NONE	47,797	47,797
State Senior Citizens Centers	NONE	108,810	108,810
Act 727 License Plate Program	NONE	3,994	3,994
State Income Tax Option	NONE	141	141
Chronic Pain Management	NONE	2,000	2,000
Diabetes Self Management Program	NONE	3,600	3,600
Diabetes Empowerment Education Program	NONE	3,900	3,900
Drums Alive	NONE	3,600	3,600
Matter of Balance	NONE	3,600	3,600
Elderchoice (Medicaid)	NONE	<u>50,168</u>	<u>50,168</u>
Total State Assistance		<u>227,610</u>	<u>227,610</u>
TOTAL FEDERAL AND STATE ASSISTANCE		<u>\$ 534,359</u>	<u>\$ 534,359</u>

Note: The schedule of governmental assistance was prepared on the accrual basis of accounting.  
The above revenues were provided by fee-for-service contracts.





# Yoakum, Lovell & Co., PLC

CERTIFIED PUBLIC ACCOUNTANTS

## Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

Board of Directors  
Faulkner County Council on Aging, Inc.  
Conway, Arkansas

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Faulkner County Council on Aging, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2019, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated August 21, 2019.

### Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Faulkner County Council on Aging, Inc.'s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Faulkner County Council on Aging, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of the organization's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

## Compliance and Other Matters

As part of obtaining reasonable assurance about whether Faulkner County Council on Aging, Inc.'s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under government auditing standards.

## Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with government auditing standards in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Benton, Arkansas  
August 21, 2019

*Wakum, Lowell & Co., P.C.*  
Certified Public Accountants

Faulkner County Council on Aging, Inc.  
Supplement to the State of Arkansas

- 1 – Faulkner County Council on Aging, Inc.  
P.O. Box 1429  
Conway, Arkansas 72032
- 2 – Phone Number – (501)327-2895
- 3 – Executive Director – Debra Robinson
- 4 – Contact Person – Nancy Rowell
- 5 – Cost of Audit - \$6,100.00
- 6 – Employer Identification Number – 71-0520101

**Yoakum, Lovell & Co., PLC**  
CERTIFIED PUBLIC ACCOUNTANTS

Faulkner County Council on Aging, Inc.

Annual Financial Report

June 30, 2020 and 2019

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**Yoakum, Lovell & Co., PLC**  
CERTIFIED PUBLIC ACCOUNTANTS

Independent Auditors' Report

Board of Directors  
Faulkner County Council on Aging, Inc.  
Conway, Arkansas

We have audited the accompanying statements of financial position of Faulkner County Council on Aging, Inc., as of June 30, 2020 and 2019, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the comptroller general of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial misstatements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also involves evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Faulkner County Council on Aging, Inc. as of June 30, 2020 and 2019, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedules on pages 13 through 14 are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of



management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued a report dated August 11, 2020, on our consideration of Faulkner County Council on Aging, Inc.'s internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Faulkner County Council on Aging, Inc.'s internal control over financial reporting and compliance.

Yokum, Lovell & Co., P.C.  
Certified Public Accountants

Benton, Arkansas  
August 11, 2020

Faulkner County Council on Aging, Inc.  
 Statements of Financial Position  
 June 30, 2020 and 2019

	<u>Assets</u>	
	2020	2019
Current Assets		
Cash and Cash Equivalents	\$ 300,456	\$ 209,894
Accounts Receivable - Grants/Contracts	63,052	52,350
Prepaid Expenses	26,640	22,394
Total Current Assets	390,148	284,638
Property and Equipment		
Land and Building	2,478,032	2,478,032
Equipment	564,647	564,647
	3,042,679	3,042,679
Less: Accumulated Depreciation	789,152	754,468
Property and Equipment, Net	2,253,527	2,288,211
Other Assets		
Endowment Fund	13,706	14,383
Total Other Assets	13,706	14,383
Total Assets	\$ 2,657,381	\$ 2,587,232
<u>Liabilities and Net Assets</u>		
Current Liabilities		
Accounts Payable	\$ 6,200	\$ 6,105
Accrued Expenses	24,372	22,874
Current Portion of Long-Term Debt	10	35,393
Total Current Liabilities	30,582	64,372
Net Assets		
Without Donor Restrictions		
Board Designated Funds	71,000	
No Designation	2,451,976	2,444,725
	2,522,976	2,444,725
With Donor Restrictions	90,116	63,751
With Donor Restrictions - Endowment	13,707	14,384
Total Net Assets	2,626,799	2,522,860
Total Liabilities and Net Assets	\$ 2,657,381	\$ 2,587,232

The accompanying notes are an integral part of these financial statements.

Faulkner County Council on Aging, Inc.  
Statement of Activities  
For the Years Ended June 30, 2020 and 2019

	2020			2019		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
<b>Revenues and Support</b>						
Fee for Service Contracts	\$ 641,796	\$	\$ 641,796	\$ 535,860	\$	\$ 535,860
Local Government Grants	93,000	46,000	139,000	70,615	38,385	109,000
Charitable Agency Grants	71,147		71,147	74,374		74,374
Client Contributions for Services	109,065		109,065	130,915		130,915
Private Pay/Third Party	1,071		1,071	2,100		2,100
Donations and Memorials	56,562	1,521	58,083	80,751	13,882	94,633
Interest and Investment Income	132	(677)	(545)	114	(128)	(14)
Fundraising	22,541		22,541	32,805		32,805
Fitness Funding	9,813		9,813	15,151		15,151
Payroll Protection Program	64,000		64,000			
In-Kind	40,800	40,891	81,691	40,800		40,800
<b>Total Revenues and Support</b>	<b>1,109,927</b>	<b>88,412</b>	<b>1,197,662</b>	<b>983,485</b>	<b>52,267</b>	<b>1,035,624</b>
Satisfaction of Temporarily Restricted Revenue	62,047	(62,047)		59,690	(59,690)	
<b>Expenses</b>						
Program Services	1,036,044		1,036,044	991,914		991,914
Supporting Services						
Management & General Fundraising	57,304		57,304	57,304		57,304
	375		375	529		529
<b>Total Expenses</b>	<b>1,093,723</b>		<b>1,093,723</b>	<b>1,049,747</b>		<b>1,049,747</b>
Change in Net Assets	78,251	26,365	103,939	(6,572)	(7,423)	(14,123)
Net Assets - Beginning of Year	2,444,725	63,751	2,522,860	2,451,297	71,174	2,536,983
Net Assets - End of Year	\$ 2,522,976	\$ 90,116	\$ 2,626,799	\$ 2,444,725	\$ 63,751	\$ 2,522,860

The accompanying notes are an integral part of these financial statements.

Faulkner County Council on Aging, Inc.  
Statement of Functional Expenses  
For the Year Ended June 30, 2020

	Program Services			
	Congregate Meals	Home Delivered Meals	Transportation	Socialization
Salaries and Fringe Benefits	\$ 81,397	\$ 208,891	\$ 66,923	\$ 54,104
Food Service Supplies	4,823	50,178		
Office Supplies	2,221	6,594	627	2,018
Janitorial Supplies	2,108	4,547	1,468	2,108
Gas	855	4,607	10,462	1,033
Depreciation				
Rent and Utilities	8,302	10,924	2,888	5,506
Communications	1,507	5,178	2,986	1,175
Raw Food	64,149	173,886		
Janitorial Service	2,294	3,250	454	941
Audit	1,490	2,960	1,080	670
Vehicle Insurance	564	2,912	8,501	563
Vehicle Maintenance and Repair	1,129	7,004	18,892	1,130
Building Maintenance	6,605	2,896	1,992	6,878
Other Insurance	7,349	9,391	4,522	5,449
Miscellaneous	791	1,987	1,761	31
Fundraising				
Interest				
Program Costs				5,542
In-Kind:				
Rent and Utilities	15,096	25,704		
Total Expenses	<u>\$ 200,680</u>	<u>\$ 520,909</u>	<u>\$ 122,556</u>	<u>\$ 87,148</u>

The accompanying notes are an integral part of these financial statements.

Faulkner County Council on Aging, Inc.  
Statement of Functional Expenses (Continued)  
For the Year Ended June 30, 2020

	Program Services		Supporting Services		Total
	Other	Property Fund	Management and General	Fundraising	
Salaries and Fringe Benefits	\$	\$	\$ 57,304	\$	\$ 468,619
Food Service Supplies					55,001
Office Supplies					11,460
Janitorial Supplies					10,231
Gas					16,957
Depreciation		97,275			97,275
Rent and Utilities					27,620
Communications					10,846
Raw Food					238,035
Janitorial Service					6,939
Audit					6,200
Vehicle Insurance					12,540
Vehicle Maintenance and Repair					28,155
Building Maintenance					18,371
Other Insurance					26,711
Miscellaneous	7,331				11,901
Fundraising				375	375
Interest	145				145
Program Costs					5,542
In-Kind:					
Rent and Utilities					40,800
<b>Total Expenses</b>	<b><u>\$ 7,476</u></b>	<b><u>\$ 97,275</u></b>	<b><u>\$ 57,304</u></b>	<b><u>\$ 375</u></b>	<b><u>\$ 1,093,723</u></b>

The accompanying notes are an integral part of these financial statements.

Faulkner County Council on Aging, Inc.  
Statement of Functional Expenses  
For the Year Ended June 30, 2019

	Program Services			
	Congregate Meals	Home Delivered Meals	Transportation	Socialization
Salaries and Fringe Benefits	\$ 94,066	\$ 151,103	\$ 69,574	\$ 64,191
Food Service Supplies	3,636	37,406		
Office Supplies	2,195	2,939	1,372	1,332
Janitorial Supplies	2,533	5,489	1,908	2,533
Gas	1,123	7,639	12,132	1,348
Depreciation				
Rent and Utilities	11,528	12,212	976	6,156
Communications	1,449	4,018	3,833	1,131
Raw Food	86,646	157,599		
Janitorial Service	2,713	3,625	328	1,051
Audit	1,720	2,940	790	650
Vehicle Insurance	489	3,313	6,187	490
Vehicle Maintenance and Repair	912	10,376	10,832	912
Building Maintenance	7,296	3,200	2,161	7,608
Other Insurance	5,193	9,097	6,023	5,193
Miscellaneous	496	1,487	992	826
Fundraising				
Program Costs				7,602
In-Kind:				
Rent and Utilities	15,096	25,704		
Total Expenses	\$ 237,091	\$ 438,147	\$ 117,108	\$ 101,023

The accompanying notes are an integral part of these financial statements.

Faulkner County Council on Aging, Inc.  
Statement of Functional Expenses (Continued)  
For the Year Ended June 30, 2019

	Program Services		Supporting Services		Total
	Other	Property Fund	Management and General	Fundraising	
Salaries and Fringe Benefits	\$	\$	\$ 57,304	\$	\$ 436,238
Food Service Supplies					41,042
Office Supplies					7,838
Janitorial Supplies					12,463
Gas and Oil					22,242
Depreciation		94,847			94,847
Rent and Utilities					30,872
Communications					10,431
Raw Food					244,245
Janitorial Service					7,717
Audit					6,100
Vehicle Insurance					10,479
Vehicle Maintenance and Repair					23,032
Building Maintenance					20,265
Other Insurance					25,506
Miscellaneous	3,698				7,499
Fundraising				529	529
Program Costs					7,602
In-Kind:					
Rent and Utilities					40,800
<b>Total Expenses</b>	<b>\$ 3,698</b>	<b>\$ 94,847</b>	<b>\$ 57,304</b>	<b>\$ 529</b>	<b>\$ 1,049,747</b>

The accompanying notes are an integral part of these financial statements.



Faulkner County Council on Aging, Inc.  
 Statements of Cash Flows  
 For the Years Ended June 30, 2020 and 2019

	<u>2020</u>	<u>2019</u>
Cash Flows from Operating Activities		
Change in Net Assets	\$ 103,939	\$ (14,123)
Add: Items not Affecting Cash		
Depreciation	97,275	94,847
In Kind Capital Contributions	(40,891)	
(Increase) Decrease in:		
Accounts Receivable	(10,702)	(6,549)
Prepaid Expenses	(4,246)	(22,394)
Increase (Decrease) in:		
Accounts Payable	95	105
Accrued Expenses	1,498	1,101
Net Cash Provided by Operating Activities	<u>146,968</u>	<u>52,987</u>
Cash Flows from Investing Activities		
Purchases of Equipment/Building	(21,700)	(106,253)
Change in Restricted Funds	677	129
Net Cash Used by Investing Activities	<u>(21,023)</u>	<u>(106,124)</u>
Cash Flows from Financing Activities		
Proceeds from Long-Term Debt		60,393
Principal Payments on Long-Term Debt	(35,383)	(25,000)
Net Cash Provided (Used) by Financing Activities	<u>(35,383)</u>	<u>35,393</u>
Net Increase (Decrease) in Cash	90,562	(17,744)
Cash Balance - Beginning of Year	<u>209,894</u>	<u>227,638</u>
Cash Balance - End of Year	<u>\$ 300,456</u>	<u>\$ 209,894</u>
Noncash Investing Activity		
Vehicle Purchased with In-Kind Funds	<u>\$ 40,891</u>	<u>\$</u>

The accompanying notes are an integral part of these financial statements.

Faulkner County Council on Aging, Inc.  
Notes to the Financial Statements

**Note 1: Summary of Significant Accounting Policies**

- A. **Organization** - The Faulkner County Council on Aging, Inc., is a nonprofit community action agency organized to provide and effectively administer programs for elderly individuals using local, state and federal resources. The primary sources of grants and contracts are from Title III, NSIP, SSBG, State Cigarette Tax, United Way, Faulkner County and the City of Conway. These grants and contracts provide funding for congregate meals, home delivered meals, transportation and socialization services.
- B. **Basis of Accounting** - These financial statements reflect the accrual basis of accounting.
- C. **Property and Equipment** - All property and equipment are stated at cost. Maintenance and repairs are charged directly to expenses as incurred. Additions, renewals and betterments, which extend the useful lives of the assets, with a cost of at least \$1,000, are capitalized. Depreciation is provided on the straight-line method. Estimated useful lives are as follows:

Building and Improvements	15-40 years
Furnishings and Equipment	10 years
Vehicles	5 years

Vehicles acquired with Arkansas Highway Department and State Cigarette Tax funds are considered to be owned by Faulkner County Council on Aging, Inc., while used in the program. However, the funding sources have a reversionary interest in the vehicles, as well as, the right to determine the use of any proceeds from their sale.

- D. **Basis of Presentation** - Faulkner County Council on Aging, Inc. is required to report information regarding its financial position and activities according to two classes of net assets: Without Donor Restrictions and With Donor Restrictions. Net Assets With Donor Restrictions consist of the book value of the vehicles mentioned above, donations that were restricted when received that have not been expended, and donations permanently restricted to an endowment fund.

Included in Net Assets Without Donor Restrictions are board designated funds. These funds have been designated for the purchase of a new sound system and for eventually training a successor to the executive director.

- E. **In-Kind** - Represents donated property at no charge to Faulkner County Council on Aging, Inc. The value of the donated property is based upon the fair market value of the property.
- F. **Contributions and Pledges** - Contributions and pledges are recognized when the donor makes a written promise to give that is, in substance, unconditional. Donor-restricted contributions are reported as increases in net assets with donor restrictions. When the restrictions expire, net assets with donor restrictions are reclassified to net assets without donor restrictions and are reported in the statement of activities as a release from restrictions.
- G. **Estimates** - The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Faulkner County Council on Aging, Inc.  
Notes to the Financial Statements

**Note 1: Summary of Significant Accounting Policies (cont'd)**

- H. **Expense Allocation** – The costs of providing various programs and other activities have been summarized on a functional basis in the Statement of Activities. The Statement of Functional Expenses presents the natural classification of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited. The expenses that are allocated include personnel costs, which are allocated on the basis of estimates of time and effort.
- I. **Revenue Recognition** – Revenue is recognized when earned. Grants and contracts whose obligations have not been met are recorded as deferred revenue.

**Note 2: Income Taxes**

Faulkner County Council on Aging, Inc., is exempt from federal and state income taxes under section 501(c)(3) of the Internal Revenue Code. Therefore, no income tax provisions have been made. The agency files a tax form 990. The tax years 2016, 2017, 2018, and 2019 are subject to examination by the IRS, generally for three years after they are filed.

**Note 3: Concentration of Credit Risk**

Financial instruments that potentially subject the Organization to concentration of credit risk consist principally of cash investments. The Organization places its cash investments with financial institutions and limits the amount of credit exposure to any one financial institution.

**Note 4: Cash and Cash Equivalents**

The Organization considers all highly liquid investments with original maturities of three months or less to be cash and cash equivalents. All cash is available for operating expenditures in the next year.

**Note 5: Related Party Transactions**

During the year ended June 30, 2020, the Organization paid \$591 for a piece of equipment to a company owned by a board member.

**Note 6: Long-Term Debt**

During the year ended June 30, 2019, the Organization opened a line of credit with a local financial institution for \$100,000. The balance as of June 30, 2020 and 2019 is \$10 and \$35,393, respectively. This line of credit is secured by a lien on the building located in Conway, Arkansas. The interest rate on the line of credit is 4.75%. Interest is due monthly, the principal is due May 28, 2021. Interest paid for the year ended June 30, 2020 and 2019, was \$145 and \$0, respectively.

Faulkner County Council on Aging, Inc.  
Notes to the Financial Statements

**Note 7: Endowment Fund**

The endowment fund is restricted in perpetuity, all or part of the income from which may be expended. During the year ended June 30, 2017, the Organization received contributions designated to start an endowment fund. The contributions of \$14,047 were received and transferred to an endowment fund towards the end of the year. During the year ended June 30, 2020 and 2019, \$573 and \$580, respectively, was paid out of the endowment fund to the Organization and is included as donations on the statement of activities. At June 30, 2020 and 2019, there were no earnings available for expenditure to the Organization. The endowment fund is held at Arkansas Community Foundation (ACF). ACF pools the money with other accounts it holds and invests the funds in various investments. ACF's investment objective is to create a financial return that will provide for the fund's annual grant spending rate, administrative costs and growth for inflation. The spending rate policy by ACF is reviewed periodically by its board of directors. The policy provides an annual distribution of 4% of the fund's average ending market value for the previous twenty trailing quarters.

Below is a summary of the endowment fund activity for the years ended June 30:

	2020	2019
Beginning Balance	\$ 14,383	\$ 14,512
Interest & Dividends	353	288
Net Appreciation (Depreciation)	(317)	304
Administrative Fees	(140)	(141)
Distribution to the Organization	(573)	(580)
Ending Balance	\$ 13,706	\$ 14,383

**Note 8: Contingency**

During the year ended June 30, 2020, the Organization received a Payroll Protection Program loan, a provision of the CARES Act, in the amount of \$64,000. Under provisions of the loan, if the proceeds are used for payroll costs and certain overhead expenses, the loan will be entirely forgiven. Management believes it has met the requirements for the loan to be forgiven, therefore, it is included as income on the Statement of Activities. If the loan is not forgiven, the portion not forgiven will be considered a loan and has a maturity date of two years at 1% interest.

**Note 9: Subsequent Events**

Subsequent events were reviewed through August 11, 2020, the date which the financial statements were available to be issued.

Faulkner County Council on Aging, Inc.  
Schedule of Governmental Assistance  
For the Year Ended June 30, 2020

Department/Division Program	Federal CFDA Number	Revenues	Expenses
Federal Assistance			
U.S. Department of Housing and Urban Development: Pass-Through Program from the City of Conway, Arkansas:			
Community Development Block Grant	14.218	\$ 17,219	\$ 17,219
U.S. Department of Health and Human Services: Pass-Through Program from Arkansas Department of Human Services, Division of Aging and Adult Services and Carelink:			
Disease Prevention and Health Promotion Services (Title III-D)	93.043	9,200	9,200
Grants for Supportive Services and Senior Centers (Title III-B)	93.044	39,823	39,823
Nutrition Services (Title III-C)	93.045	62,524	46,017
Nutrition Services - Home Delivered Meals (Title III-C2)	93.045	121,819	100,248
Social Services Block Grant (SSBG)	93.667	42,706	42,706
U.S. Department of Agriculture: Pass-Through Program from Arkansas Department of Human Services, Division of Aging and Adult Services and Carelink:			
Nutrition Program for the Elderly (NSIP)	10.570	87,420	87,420
U.S. Department of Homeland Security Emergency Food and Shelter National Board Program			
	97.024	<u>10,000</u>	<u>10,000</u>
Total Federal Assistance		<u>390,711</u>	<u>352,633</u>
State Assistance			
Arkansas Department of Human Services, Division of Aging and Adult Services: Pass-Through Program from Carelink:			
State Cigarette Tax	NONE	51,762	51,762
State Senior Citizens Centers	NONE	152,923	152,923
Act 727 License Plate Program	NONE	4,111	4,111
Elderchoice (Medicaid)	NONE	<u>42,289</u>	<u>42,289</u>
Total State Assistance		<u>251,085</u>	<u>251,085</u>
Total Federal and State Assistance		<u>\$ 641,796</u>	<u>\$ 603,718</u>

Note: The schedule of governmental assistance was prepared on the accrual basis of accounting.  
The above revenues were provided by fee-for-service contracts.

Faulkner County Council on Aging, Inc.  
 Comparison Of Budget To Actual And Units Of Service  
 For the Year Ended June 30, 2020

	Budgeted		Actual		UNITS OF SERVICE *		
	Income	Expense	Income	Expense	Age 60 and Over	Under Age 60	Total
Congregate Meals	\$ 249,091	\$ 249,091	\$ 212,664	\$ 212,664	34,842	654	35,496
Home Delivered Meals	461,808	461,808	551,894	551,894	94,419	1,797	96,216
Group Transportation	60,818	60,818	47,777	47,777	7,072		7,072
Individual Transportation	75,046	75,046	84,496	84,496	3,631		3,631
Socialization	119,801	119,801	94,969	94,969	50,270	569	50,839
	<u>\$ 966,564</u>	<u>\$ 966,564</u>	<u>\$ 991,800</u>	<u>\$ 991,800</u>	<u>190,234</u>	<u>3,020</u>	<u>193,254</u>

\* Volunteers, guests of seniors, and staff.



# Yoakum, Lovell & Co., PLC

CERTIFIED PUBLIC ACCOUNTANTS

## Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

Board of Directors  
Faulkner County Council on Aging, Inc.  
Conway, Arkansas

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Faulkner County Council on Aging, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2020, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated August 11, 2020.

### Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Faulkner County Council on Aging, Inc.'s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Faulkner County Council on Aging, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of the organization's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.



**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Faulkner County Council on Aging, Inc.'s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under government auditing standards.

**Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with government auditing standards in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Updegraff, Howell + Co., P.C.*  
Certified Public Accountants

Benton, Arkansas  
August 11, 2020

Faulkner County Council on Aging, Inc.  
Supplement to the State of Arkansas

- 1 – Faulkner County Council on Aging, Inc.  
P.O. Box 1429  
Conway, Arkansas 72032
- 2 – Phone Number – (501)327-2895
- 3 – Executive Director – Debra Robinson
- 4 – Contact Person – Nancy Rowell
- 5 – Cost of Audit - \$6,200.00
- 6 – Employer Identification Number – 71-0520101

**Yoakum, Lovell & Co., PLC**  
CERTIFIED PUBLIC ACCOUNTANTS

Faulkner County Council on Aging, Inc.

Annual Financial Report

June 30, 2021 and 2020

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**Yoakum, Lovell & Co., PLC**  
CERTIFIED PUBLIC ACCOUNTANTS

Independent Auditors' Report

Board of Directors  
Faulkner County Council on Aging, Inc.  
Conway, Arkansas

We have audited the accompanying statements of financial position of Faulkner County Council on Aging, Inc., as of June 30, 2021 and 2020, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the comptroller general of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial misstatements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also involves evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Faulkner County Council on Aging, Inc. as of June 30, 2021 and 2020, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule on page 13 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was

derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

The accompanying supplementary information on page 14 is presented for purposes of additional analysis and is also not a required part of the financial statements. We have not applied auditing procedures to this information and, accordingly, express no opinion on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued a report dated October 6, 2021, on our consideration of Faulkner County Council on Aging, Inc.'s internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Faulkner County Council on Aging, Inc.'s internal control over financial reporting and compliance.

Joakim, Rowell & Co., P.C.  
Certified Public Accountants

Benton, Arkansas  
October 6, 2021

Faulkner County Council on Aging, Inc.  
 Statements of Financial Position  
 June 30, 2021 and 2020

	<u>Assets</u>	
	2021	2020
Current Assets		
Cash and Cash Equivalents	\$ 370,625	\$ 300,456
Accounts Receivable - Grants/Contracts	53,608	63,052
Prepaid Expenses	20,620	26,640
Total Current Assets	444,853	390,148
Property and Equipment		
Land and Building	2,478,032	2,478,032
Equipment	682,779	564,647
	3,160,811	3,042,679
Less: Accumulated Depreciation	943,171	789,152
Property and Equipment, Net	2,217,640	2,253,527
Other Assets		
Endowment Fund	28,074	13,706
Total Other Assets	28,074	13,706
Total Assets	\$ 2,690,567	\$ 2,657,381
<u>Liabilities and Net Assets</u>		
Current Liabilities		
Accounts Payable	\$ 6,300	\$ 6,200
Accrued Expenses	17,991	24,372
Current Portion of Long-Term Debt	10	10
Total Current Liabilities	24,301	30,582
Net Assets		
Without Donor Restrictions		
Board Designated Funds	43,648	71,000
No Designation	2,497,472	2,451,977
	2,541,120	2,522,977
With Donor Restrictions	97,072	90,116
With Donor Restrictions - Endowment	28,074	13,706
Total Net Assets	2,666,266	2,626,799
Total Liabilities and Net Assets	\$ 2,690,567	\$ 2,657,381

The accompanying notes are an integral part of these financial statements.



Faulkner County Council on Aging, Inc.  
Statement of Activities  
For the Years Ended June 30, 2021 and 2020

	2021			2020		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Revenues and Support						
Fee for Service Contracts	\$ 727,104	\$	\$ 727,104	\$ 641,796	\$	\$ 641,796
Local Government Grants	67,300	64,700	132,000	93,000	46,000	139,000
Charitable Agency Grants	68,395		68,395	71,147		71,147
Client Contributions for Services	59,590		59,590	109,065		109,065
Private Pay/Third Party	470		470	1,071		1,071
Donations and Memorials	31,333		31,333	56,562	1,521	58,083
Interest and Investment Income	361		361	132	(677)	(545)
Fundraising	522		522	22,541		22,541
Fitness Funding	2,609		2,609	9,813		9,813
Payroll Protection Program				64,000		64,000
In-Kind	40,800		40,800	40,800		81,691
Total Revenues and Support	998,484	64,700	1,077,552	1,109,927	88,412	1,197,662
Satisfaction of Temporarily Restricted Revenue	57,744	(57,744)		62,047	(62,047)	
Expenses						
Program Services	981,693		981,693	1,036,044		1,036,044
Supporting Services						
Management & General	56,392		56,392	57,304		57,304
Fundraising				375		375
Total Expenses	1,038,085		1,038,085	1,093,723		1,093,723
Change in Net Assets	18,143	6,956	39,467	78,251	26,365	103,939
Net Assets - Beginning of Year	2,522,977	90,116	2,626,799	2,444,726	63,751	2,522,860
Net Assets - End of Year	2,541,120	97,072	2,666,266	2,522,977	90,116	2,626,799

The accompanying notes are an integral part of these financial statements.

Faulkner County Council on Aging, Inc.  
Statement of Functional Expenses  
For the Year Ended June 30, 2021

	Program Services			
	Congregate Meals	Home Delivered Meals	Transportation	Socialization
Salaries and Fringe Benefits	\$ 47,423	\$ 319,016	\$ 50,207	\$ 4,002
Food Service Supplies	4,863	27,559		
Office Supplies	1,982	6,274	475	1,866
Janitorial Supplies	812	3,481	3,089	450
Gas		2,380	4,950	
Depreciation				
Rent and Utilities	4,412	15,583	2,388	200
Communications	1,305	3,800	7,336	150
Raw Food	34,098	183,639		
Janitorial Service	1,100	3,200	2,050	25
Audit	1,450	3,300	1,525	25
Vehicle Insurance		6,862	6,926	
Vehicle Maintenance and Repair		9,254	12,808	
Building Maintenance	5,160	21,698	1,559	891
Other Insurance	7,436	14,875	5,825	125
Miscellaneous	798	1,999	1,197	
Program Costs				1,383
In-Kind:				
Rent and Utilities	15,096	25,704		
Total Expenses	<u>\$ 125,935</u>	<u>\$ 648,624</u>	<u>\$ 100,335</u>	<u>\$ 9,117</u>

The accompanying notes are an integral part of these financial statements.

Faulkner County Council on Aging, Inc.  
Statement of Functional Expenses (Continued)  
For the Year Ended June 30, 2021

	Program Services		Supporting Services		Total
	Other	Property Fund	Management and General	Fundraising	
Salaries and Fringe Benefits	\$	\$	\$ 56,392	\$	\$ 477,040
Food Service Supplies					32,422
Office Supplies					10,597
Janitorial Supplies					7,832
Gas					7,330
Depreciation		94,228			94,228
Rent and Utilities					22,583
Communications					12,591
Raw Food					217,737
Janitorial Service					6,375
Audit					6,300
Vehicle Insurance					13,788
Vehicle Maintenance and Repair					22,062
Building Maintenance					29,308
Other Insurance					28,261
Miscellaneous	3,454				7,448
Program Costs					1,383
In-Kind:					
Rent and Utilities					40,800
<b>Total Expenses</b>	<b>\$ 3,454</b>	<b>\$ 94,228</b>	<b>\$ 56,392</b>	<b>\$</b>	<b>\$ 1,038,085</b>

The accompanying notes are an integral part of these financial statements.

Faulkner County Council on Aging, Inc.  
Statement of Functional Expenses  
For the Year Ended June 30, 2020

	Program Services			
	Congregate Meals	Home Delivered Meals	Transportation	Socialization
Salaries and Fringe Benefits	\$ 81,397	\$ 208,891	\$ 66,923	\$ 54,104
Food Service Supplies	4,823	50,178		
Office Supplies	2,221	6,594	627	2,018
Janitorial Supplies	2,108	4,547	1,468	2,108
Gas	855	4,607	10,462	1,033
Depreciation				
Rent and Utilities	8,302	10,924	2,888	5,506
Communications	1,507	5,178	2,986	1,175
Raw Food	64,149	173,886		
Janitorial Service	2,294	3,250	454	941
Audit	1,490	2,960	1,080	670
Vehicle Insurance	564	2,912	8,501	563
Vehicle Maintenance and Repair	1,129	7,004	18,892	1,130
Building Maintenance	6,605	2,896	1,992	6,878
Other Insurance	7,349	9,391	4,522	5,449
Miscellaneous	791	1,987	1,761	31
Fundraising				
Interest				
Program Costs				5,542
In-Kind:				
Rent and Utilities	15,096	25,704		
Total Expenses	\$ 200,680	\$ 520,909	\$ 122,556	\$ 87,148

The accompanying notes are an integral part of these financial statements.

Faulkner County Council on Aging, Inc.  
Statement of Functional Expenses (Continued)  
For the Year Ended June 30, 2020

	Program Services		Supporting Services		Total
	Other	Property Fund	Management and General	Fundraising	
Salaries and Fringe Benefits	\$	\$	\$ 57,304	\$	\$ 468,619
Food Service Supplies					55,001
Office Supplies					11,460
Janitorial Supplies					10,231
Gas and Oil					16,957
Depreciation		97,275			97,275
Rent and Utilities					27,620
Communications					10,846
Raw Food					238,035
Janitorial Service					6,939
Audit					6,200
Vehicle Insurance					12,540
Vehicle Maintenance and Repair					28,155
Building Maintenance					18,371
Other Insurance					26,711
Miscellaneous	7,331				11,901
Fundraising				375	375
Interest	145				145
Program Costs					5,542
In-Kind:					
Rent and Utilities					40,800
<b>Total Expenses</b>	<b>\$ 7,476</b>	<b>\$ 97,275</b>	<b>\$ 57,304</b>	<b>\$ 375</b>	<b>\$ 1,093,723</b>

The accompanying notes are an integral part of these financial statements.

Faulkner County Council on Aging, Inc.  
 Statements of Cash Flows  
 For the Years Ended June 30, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Cash Flows from Operating Activities		
Change in Net Assets	\$ 39,467	\$ 103,939
Add: Items not Affecting Cash		
Depreciation	94,228	97,275
In Kind Capital Contributions		(40,891)
(Increase) Decrease in:		
Accounts Receivable	9,444	(10,702)
Prepaid Expenses	6,020	(4,246)
Increase (Decrease) in:		
Accounts Payable	100	95
Accrued Expenses	(6,381)	1,498
Net Cash Provided by Operating Activities	<u>142,878</u>	<u>146,968</u>
Cash Flows from Investing Activities		
Purchases of Equipment/Building	(58,341)	(21,700)
Change in Restricted Funds	(14,368)	677
Net Cash Used by Investing Activities	<u>(72,709)</u>	<u>(21,023)</u>
Cash Flows from Financing Activities		
Principal Payments on Long-Term Debt		(35,383)
Net Cash Used by Financing Activities		<u>(35,383)</u>
Net Increase in Cash	70,169	90,562
Cash Balance - Beginning of Year	<u>300,456</u>	<u>209,894</u>
Cash Balance - End of Year	<u>\$ 370,625</u>	<u>\$ 300,456</u>
Noncash Investing Activity		
Vehicle Purchased with In-Kind Funds	<u>\$</u>	<u>\$ 40,891</u>

The accompanying notes are an integral part of these financial statements.

Faulkner County Council on Aging, Inc.  
Notes to the Financial Statements

**Note 1: Summary of Significant Accounting Policies**

- A. **Organization** - The Faulkner County Council on Aging, Inc., is a nonprofit community action agency organized to provide and effectively administer programs for elderly individuals using local, state and federal resources. The primary sources of grants and contracts are from Title III, NSIP, SSBG, State Cigarette Tax, United Way, Faulkner County and the City of Conway. These grants and contracts provide funding for congregate meals, home delivered meals, transportation and socialization services.
- B. **Basis of Accounting** - These financial statements reflect the accrual basis of accounting.
- C. **Property and Equipment** - All property and equipment are stated at cost. Maintenance and repairs are charged directly to expenses as incurred. Additions, renewals and betterments, which extend the useful lives of the assets, with a cost of at least \$1,000, are capitalized. Depreciation is provided on the straight-line method. Estimated useful lives are as follows:

Building and Improvements	15-40 years
Furnishings and Equipment	10 years
Vehicles	5 years

Vehicles acquired with Arkansas Highway Department and State Cigarette Tax funds are considered to be owned by Faulkner County Council on Aging, Inc., while used in the program. However, the funding sources have a reversionary interest in the vehicles, as well as, the right to determine the use of any proceeds from their sale.

- D. **Basis of Presentation** – Faulkner County Council on Aging, Inc. is required to report information regarding its financial position and activities according to two classes of net assets: Without Donor Restrictions and With Donor Restrictions. Net Assets With Donor Restrictions consist of the book value of the vehicles mentioned above, donations that were restricted when received that have not been expended, and donations permanently restricted to an endowment fund.

Included in Net Assets Without Donor Restrictions are board designated funds. These funds have been designated for the purchase of a new video system and for eventually training a successor to the executive director.

- E. **In-Kind** - Represents donated property at no charge to Faulkner County Council on Aging, Inc. The value of the donated property is based upon the fair market value of the property.
- F. **Contributions and Pledges** - Contributions and pledges are recognized when the donor makes a written promise to give that is, in substance, unconditional. Donor-restricted contributions are reported as increases in net assets with donor restrictions. When the restrictions expire, net assets with donor restrictions are reclassified to net assets without donor restrictions and are reported in the statement of activities as a release from restrictions.
- G. **Estimates** - The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.



Faulkner County Council on Aging, Inc.  
Notes to the Financial Statements

**Note 1: Summary of Significant Accounting Policies (cont'd)**

- H. **Expense Allocation** – The costs of providing various programs and other activities have been summarized on a functional basis in the Statement of Activities. The Statement of Functional Expenses presents the natural classification of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited. The expenses that are allocated include personnel costs, which are allocated on the basis of estimates of time and effort.
- I. **Revenue Recognition** – Revenue is recognized when earned. Grants and contracts whose obligations have not been met are recorded as deferred revenue.

**Note 2: Income Taxes**

Faulkner County Council on Aging, Inc., is exempt from federal and state income taxes under section 501(c)(3) of the Internal Revenue Code. Therefore, no income tax provisions have been made. The agency files a tax form 990. The tax years 2017, 2018, 2019, and 2020 are subject to examination by the IRS, generally for three years after they are filed.

**Note 3: Concentration of Credit Risk**

Financial instruments that potentially subject the Organization to concentration of credit risk consist principally of cash investments. The Organization places its cash investments with financial institutions and limits the amount of credit exposure to any one financial institution.

**Note 4: Cash and Cash Equivalents**

The Organization considers all highly liquid investments with original maturities of three months or less to be cash and cash equivalents. All cash is available for operating expenditures in the next year.

**Note 5: Related Party Transactions**

During the year ended June 30, 2021 and 2020, the Organization paid \$981 and \$591, respectively, for a piece of equipment to a company owned by a board member.

**Note 6: Long-Term Debt**

During the year ended June 30, 2019, the Organization opened a line of credit with a local financial institution for \$100,000. The balance as of June 30, 2021 and 2020 is \$10 for both years. This line of credit is secured by a lien on the building located in Conway, Arkansas. The interest rate on the line of credit is 4.15%. Interest is due monthly, the principal is due May 28, 2023. Interest paid for the year ended June 30, 2021 and 2020, was \$0 and \$145, respectively.

Faulkner County Council on Aging, Inc.  
Notes to the Financial Statements

**Note 7: Endowment Fund**

The endowment fund is restricted in perpetuity, all or part of the income from which may be expended. During the year ended June 30, 2017, the Organization received contributions designated to start an endowment fund. The contributions of \$14,047 were received and transferred to an endowment fund towards the end of the year. During the year ended June 30, 2021 and 2020, \$0 and \$573, respectively, was paid out of the endowment fund to the Organization and is included as donations on the statement of activities. At June 30, 2021 and 2020, there were no earnings available for expenditure to the Organization. The endowment fund is held at Arkansas Community Foundation (ACF). ACF pools the money with other accounts it holds and invests the funds in various investments. ACF's investment objective is to create a financial return that will provide for the fund's annual grant spending rate, administrative costs and growth for inflation. The spending rate policy by ACF is reviewed periodically by its board of directors. The policy provides an annual distribution of 4% of the fund's average ending market value for the previous twenty trailing quarters.

Below is a summary of the endowment fund activity for the years ended June 30:

	2021	2020
Beginning Balance	\$ 13,706	\$ 14,383
Interest & Dividends	213	353
Contributions	10,200	
Net Appreciation (Depreciation)	4,140	(317)
Administrative Fees	(185)	(140)
Distribution to the Organization	(573)	(573)
Ending Balance	\$ 28,074	\$ 13,706

**Note 8: Contingency**

During the year ended June 30, 2020, the Organization received a Payroll Protection Program loan, a provision of the CARES Act, in the amount of \$64,000. Under provisions of the loan, if the proceeds are used for payroll costs and certain overhead expenses, the loan will be entirely forgiven. The loan was forgiven and was included as income on the Statement of Activities for the year ended June 30, 2020.

**Note 9: Liquidity and Availability**

The Organization regularly monitors liquidity required to meet its operating needs and contractual commitments. The Organization has various sources of liquidity at its disposal, including cash and grants receivable. At June 30, 2021 and 2020, the Organization had \$424,233 and \$363,508, respectively, in cash and grants receivable that was available to meet its cash needs for general expenditures within one year.

**Note 10: Subsequent Events**

Subsequent events were reviewed through October 6, 2021, the date which the financial statements were available to be issued.

Faulkner County Council on Aging, Inc.  
Schedule of Governmental Assistance  
For the Year Ended June 30, 2021

Department/Division Program	Federal CFDA Number	Revenues	Expenses
<u>Federal Assistance</u>			
U.S. Department of Housing and Urban Development: Pass-Through Program from the City of Conway, Arkansas:			
Community Development Block Grant	14.218	\$ 20,000	\$ 20,000
U.S. Department of Health and Human Services: Pass-Through Program from Arkansas Department of Human Services, Division of Aging and Adult Services and Carelink:			
Disease Prevention and Health Promotion Services (Title III-D)	93.043	1,800	1,800
Grants for Supportive Services and Senior Centers (Title III-B)	93.044	75,417	75,417
COVID 19 - Grants for Supportive Services and Senior Centers (Title III-B)	93.044	3,768	3,768
Nutrition Services (Title III-C)	93.045	34,003	38,433
Nutrition Services - Home Delivered Meals (Title III-C2)	93.045	174,174	174,174
Social Services Block Grant (SSBG)	93.667	47,527	47,527
U.S. Department of Agriculture: Pass-Through Program from Arkansas Department of Human Services, Division of Aging and Adult Services and Carelink:			
Nutrition Program for the Elderly (NSIP)	10.570	89,085	89,085
U.S. Department of Treasury Pass-Through Program from Arkansas Department of Human Services, Division of Aging and Adult Services and Carelink:			
Coronavirus Relief Fund	21.019	26,747	26,747
U.S. Department of Homeland Security Emergency Food and Shelter National Board Program			
	97.024	13,000	13,000
Total Federal Assistance		<u>485,521</u>	<u>489,951</u>
<u>State Assistance</u>			
Arkansas Department of Human Services, Division of Aging and Adult Services: Pass-Through Program from Carelink:			
State Cigarette Tax	NONE	57,588	57,588
State Senior Citizens Centers	NONE	137,867	137,867
Act 727 License Plate Program	NONE	4,536	4,536
State Income Tax Funds	NONE	329	329
Elderchoice (Medicaid)	NONE	31,778	31,778
Total State Assistance		<u>232,098</u>	<u>232,098</u>
Total Federal and State Assistance		<u>\$ 717,619</u>	<u>\$ 722,049</u>

Note: The schedule of governmental assistance was prepared on the accrual basis of accounting.  
The above revenues were provided by fee-for-service contracts.

Faulkner County Council on Aging, Inc.  
 Comparison Of Budget To Actual And Units Of Service  
 For the Year Ended June 30, 2021

	Budgeted		Actual		UNITS OF SERVICE *		
	Income	Expense	Income	Expense	Age 60 and Over	Under Age 60	Total
Congregate Meals	\$ 250,888	\$ 250,888	\$ 119,598	\$ 119,598	17,892	51	17,943
Home Delivered Meals	471,033	471,033	719,362	719,362	96,601		96,601
Group Transportation	44,722	44,722	580	580	58		58
Individual Transportation	75,364	75,364	35,451	35,451	709		709
Individual Transportation - Wheel Chair							
Socialization	129,750	129,750	10,013	10,013	963		963
	<u>\$ 971,757</u>	<u>\$ 971,757</u>	<u>\$ 957,230</u>	<u>\$ 957,230</u>	<u>120,685</u>	<u>51</u>	<u>120,736</u>

\* Volunteers, guests of seniors, and staff.

# Yoakum, Lovell & Co., PLC

CERTIFIED PUBLIC ACCOUNTANTS

## Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

Board of Directors  
Faulkner County Council on Aging, Inc.  
Conway, Arkansas

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Faulkner County Council on Aging, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2021, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated October 6, 2021.

### Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Faulkner County Council on Aging, Inc.'s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Faulkner County Council on Aging, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of the organization's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.



### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Faulkner County Council on Aging, Inc.'s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under government auditing standards.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with government auditing standards in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Goakum, Rowell & Co., P.C.*  
Certified Public Accountants

Benton, Arkansas  
October 6, 2021

Faulkner County Council on Aging, Inc.  
Supplement to the State of Arkansas

- 1 – Faulkner County Council on Aging, Inc.  
P.O. Box 1429  
Conway, Arkansas 72032
- 2 – Phone Number – (501)327-2895
- 3 – Executive Director – Debra Robinson
- 4 – Contact Person – Debra Robinson
- 5 – Cost of Audit - \$6,300.00
- 6 – Employer Identification Number – 71-0520101